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This is an advance proof copy of an IRS tax form. It is subject to change and OMB approval before it is officially released. You can check the scheduled release date on our web site (www.irs.gov).

If you have any comments on this draft form, you can submit them to us on our web site. Include the word DRAFT in your response. You may make comments anonymously, or you may include your name and e-mail address or phone number. We will be unable to respond to all comments due to the high volume we receive. However, we will carefully consider each suggestion. So that we can properly consider your comments, please send them to us within 30 days from the date the draft was posted.

**New York Liberty Zone
Business Employee Credit**

▶ Attach to your tax return.

OMB No. 1545-1785

2004Attachment
Sequence No. **132**

Name(s) shown on return

Identifying number

Part I Current Year Credit (Members of a controlled group, see instructions.)

- 1 Enter the total qualified wages paid or incurred during the tax year to New York (NY) Liberty Zone business employees for work performed **during calendar year 2002 or 2003** who have:
- a Worked for you at least 120 hours but fewer than 400 hours \$ × 25% (.25) =
- b Worked for you at least 400 hours \$ × 40% (.40) =
- 2 Add lines 1a and 1b. You **must** subtract this amount from your deduction for salaries and wages
- 3 NY Liberty Zone business employee credits from pass-through entities:
- | If you are a— | Then enter the NY Liberty Zone business employee credits from— |
|---------------|--|
| a Shareholder | Schedule K-1 (Form 1120S), box 13, code G, H, or N |
| b Partner | Schedule K-1 (Form 1065), box 15, code G, H, or N |
| c Beneficiary | Schedule K-1 (Form 1041), line 14 |
| d Patron | Written statement from cooperative |
- 4 Add lines 2 and 3
- 5 NY Liberty Zone business employee credit included on line 4 from passive activities (see instructions)
- 6 Subtract line 5 from line 4
- 7 NY Liberty Zone business employee passive activity credit allowed for 2004 (see instructions)
- 8 Carryforward of NY Liberty Zone business employee credit to 2004
- 9 Carryback of NY Liberty Zone business employee credit from 2005 (see instructions)
- 10 **Current year credit.** Add lines 6 through 9. (S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions.)

Part II Allowable Credit

- 11 Regular tax before credits:
- Individuals. Enter the amount from Form 1040, line 43
 - Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return
 - Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return
- 12 Alternative minimum tax:
- Individuals. Enter the amount from Form 6251, line 35
 - Corporations. Enter the amount from Form 4626, line 14
 - Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56
- 13 Add lines 11 and 12
- 14a Foreign tax credit
- b Credit from Form 1040, lines 46 through 49 and 51 through 53
- c Possessions tax credit (Form 5735, line 17 or 27)
- d Credit for fuel from a nonconventional source
- e Qualified electric vehicle credit (Form 8834, line 20)
- f Add lines 14a through 14e
- 15 Net income tax. Subtract line 14f from line 13. If zero, skip lines 16 through 19 and enter -0- on line 20
- 16 Net regular tax. Subtract line 14f from line 11. If zero or less, enter -0-
- 17 Enter 25% (.25) of the excess, if any, of line 16 over \$25,000 (see instructions)
- 18 Subtract line 17 from line 15. If zero or less, enter -0-
- 19 General business credit (see instructions)
- 20 Subtract line 19 from line 18. If zero or less, enter -0-
- 21 **Credit allowed for the current year.** Enter the **smaller** of line 10 or line 20 here and on Form 1040, line 54; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 20 is smaller than line 10, see instructions